

## 2005 Legislative Wrap-Up

### Inside this issue:

Protect Yourself from Identity Theft	2
Active Military Duty and PERS	2
Managing Risk Through Diversification	3
PERS Contact Info	3
2005 Legislative Wrap-Up	4
Board Meeting Dates	4

### Retirement Board

L. Mark Balen  
Chairman  
Sue DeFrancesco  
Vice Chair  
Purisimo Hernandez  
Member  
David F. Kallas  
Member  
Charles A. Silvestri  
Member  
George W. Stevens  
Member  
Warren Wish  
Member

### Executive Staff

Dana K. Bilyeu  
Executive Officer  
Tina M. Leiss  
Operations Officer  
Laura B. Wallace

The 2005 legislative session ended June 6, 2005, with a special session ending at 2:00 p.m. on June 7<sup>th</sup> to complete the tax rebate request by the Governor. Throughout the session, PERS maintained its vigilance on issues of importance to our members, beneficiaries, and employers. The System did not propose any fiscal legislation this session, however our technical bill, Senate Bill 328 passed and was signed by the Governor on June 8<sup>th</sup>, making minor modifications to certain specific provisions within Chapters 1A and 286 of the Nevada Revised Statutes. The bill becomes effective July 1, 2005. Specifically, the bill:

- Modifies the requirements for a qualified domestic relations order. Before the change, the law required the domestic relations order contain the Social Security number of the member and its alternate payee. PERS' requested modification removes the number because the order may be a public record when held by the court. PERS will still require the parties to provide Social Security numbers privately to the System.
- Modifies the law governing survivor benefits to children of deceased members. Pre-July 1, 2005, a child's survivor benefit could be continued between the ages of 18-23 as long as the child continuously remained a full-time student. If the child failed to maintain full-time student status, the benefits ceased and could not be reinstated. PERS' modification allows the System to reinstate the benefits to a child between the ages of 18-23 if the child returns to full-time student status.
- Provides a technical change to the Judicial Retirement Act to clarify provisions

regarding participation in the Judicial Retirement Plan.

Other bills that the System was tracking, and the Retirement Board took a position on, are listed below with the final status of each bill.

**Senate Bill 46** – This bill allows for increases in the assumed wage paid to PERS on behalf of volunteer firefighters. The Board was neutral on this bill. The bill passed and was signed by the Governor on June 3<sup>rd</sup>. Effective July 1, 2005.

**Senate Bill 122** – This bill authorizes certain public employees with active military service to purchase additional years of service in the Public Employees' Retirement System. The Board was neutral on this bill. The bill passed and was signed by the Governor on June 6<sup>th</sup>. Effective June 6, 2005.

**Senate Bill 346** – This bill revises provisions relating to the Legislators' Retirement System by making participation in the System optional. The Board was neutral on this bill. The bill passed and was signed by the Governor on June 13<sup>th</sup>. Effective June 13, 2005.

**Senate Bill 369** – This bill makes various changes regarding the judiciary. The Board was neutral on this bill. The bill passed and was delivered to the Governor June 13<sup>th</sup>. Effective July 1, 2005.

**Senate Bill 438** – This bill authorizes justices of the peace and municipal judges to participate in the Judicial Retirement Plan under certain circumstances. The Board was neutral on this bill. The bill passed and was signed by the Governor on June 6<sup>th</sup>. Effective July 1, 2005. ►

Continued on page 4

## Protect Yourself from Identity Theft

Identity theft is one of the fastest growing crimes in America. With a Social Security number thieves can gain access to personal information, apply for credit cards – and not pay the bills. You may not know that someone has used your identity until you receive mysterious bills or are turned down for credit. A person can spend months or years – and their hard earned money – cleaning up the mess thieves have made of their good name and credit record.

Your Social Security number is confidential. PERS will not give it to anyone, except when authorized by law or with your written permission. Be careful about sharing your number with anyone, even when you are provided with a service.

Various experts offer the following hints to protect your identity:

- When giving out personal information by phone, be certain you know exactly how it will be used. NEVER give out personal information to phone solicitors or unknown organizations.
- Be certain others are not listening when giving out your information.
- Do not carry credit cards, social security card, birth certificate, and other personal documents unless necessary.
- Don't print social security numbers or date of birth on personal checks.
- Don't use a social security number as a PIN or Password.
- Don't leave envelopes containing payments in an unsecured mailbox.
- Shred or tear up pre-approved credit card offers, convenience checks, receipts, bills, and other financial information you wish to discard.
- Monitor your credit report for fraudulent activity and report such activity immediately to the Fraud Department of any one of the three major credit bureaus.
- Keep up to date on information to protect against identity theft.
- 2. Close the accounts that you know or believe have been tampered with or opened fraudulently. Use the FTC's ID Theft Affidavit when disputing new unauthorized accounts.
- 3. File a police report. Get a copy of the report to submit to your creditors and others that may require proof of the crime.
- 4. File your complaint with the FTC. They maintain a database of identity theft cases used by law enforcement agencies for investigations. Filing a complaint also helps them learn more about identity theft and the problems victims are having so they can better assist you. ■

The Federal Trade Commission (FTC) recommends the following steps if you think your identity has been stolen:

1. Contact the fraud department of one of the three major credit bureaus to place a fraud alert on your credit file. The fraud alert requests creditors contact you before opening any new accounts or making any changes to your existing accounts. As soon as the credit bureau confirms your fraud alert, the other two credit bureaus will be automatically notified to place fraud alerts, and all three credit reports will be sent to you free of charge.

### CREDIT REPORTING AGENCIES:

**Equifax** [www.equifax.com](http://www.equifax.com)  
Report Fraud: 1-800-525-6285  
Credit Report: 1-800-685-1111

**Experian** [www.experian.com](http://www.experian.com)  
Report Fraud: 1-888-397-3742  
Credit Report: 1-888-EXPERIAN  
(1-888-397-3742)

**TransUnion** [www.tuc.com](http://www.tuc.com)  
Report Fraud: 1-800-680-7289  
Credit Report: 1-800-916-8800

## Active Military Duty and PERS

Continuing military action throughout the world impacts many public employees who have been called to active military duty. The Uniform Services Employment and Reemployment Rights Act (USERRA), signed into law on October 13, 1994, establishes the rights of veterans in many areas related to employment and benefits. A veteran who returns to civilian employment from active military duty, within the guidelines established in USERRA, must be credited with all benefit accruals under PERS as if the veteran had not left civilian employment.

Once a PERS member returns to public employment, the employer must report all wage and contribution information for the period of active military duty based on what the member would have earned had he remained in his civilian job. All contributions due for the period of active military duty must be paid at the time the wage and contribution information is submitted. If the returning veteran was making contributions under the joint employee/employer contribution plan at the time he was called to active military duty, then the employer must report and pay all employee contributions to PERS. Under the provisions of USERRA, the employer has the right to recover all employee contributions paid directly to PERS from the employee.

Additional information regarding the provisions of USERRA can be found at [www.dol.gov/vets](http://www.dol.gov/vets). ■

## Managing Risk Through Diversification

The investment objective for the Public Employees' Retirement System is to generate a long-term return of 8% while *managing risk*. Often when investors address their goals, the focus is strictly on returns. However, we believe risk is equally important to investment success.

Investment risk falls in two primary categories, statistical and "emotional." Statistical risk is the volatility in prices an investor experiences on a day to day basis. Emotional risk is typically reflected in a single event that may detract from capturing goals, short term. For example, if an investment drops significantly in value, the investor may sell for other than fundamental financial reasons. An academic discipline referred to as "behavioral finance" has developed around this concept.

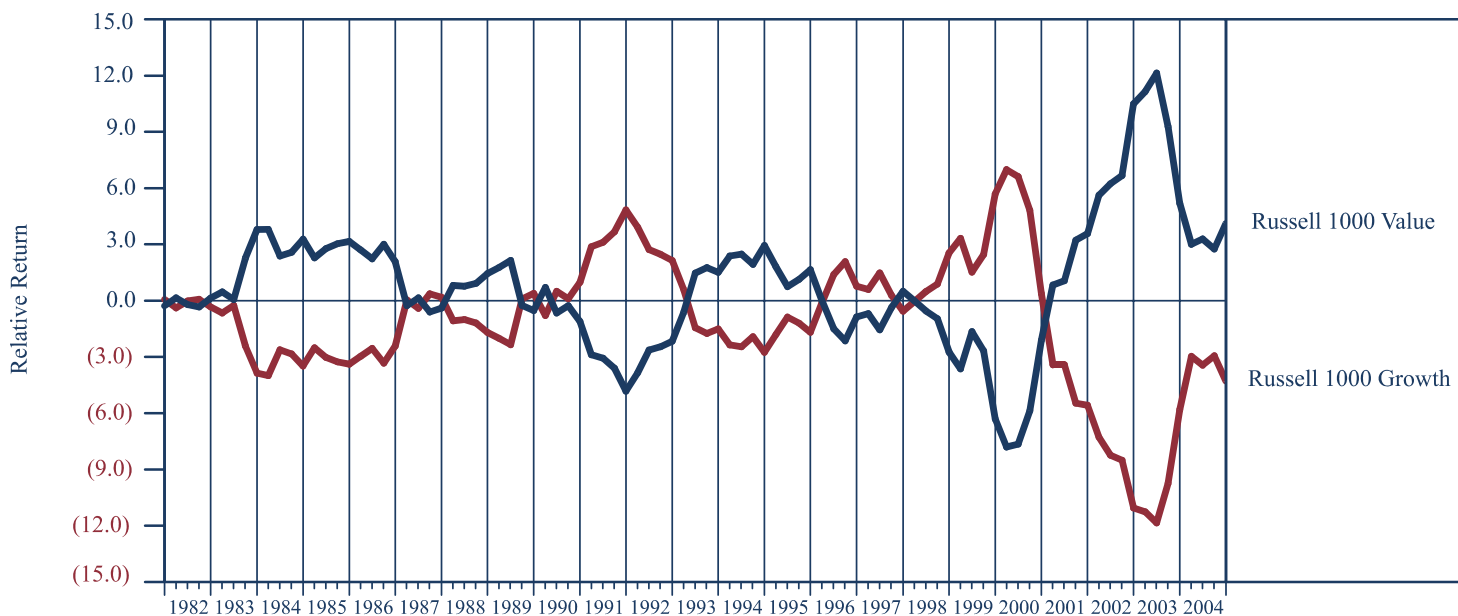
The primary tool that we use to manage risk, of any kind, is diversification. Not all assets and styles of investment react to movements in the markets in the same manner. Therefore, when one style or manager is out of favor, it can be offset by a manager or style that is doing well (example below).

We employ diversification at all levels in PERS' investment program. Beginning with broad asset classes, we diversify our exposure through the use of U.S. stocks, international stocks, U.S. bonds, international bonds and alternative investments. The risk reduction benefit is particularly apparent with the use of non-U.S. investments. These assets have helped our returns significantly in periods when U.S. stock and bond results have been disappointing.

We also employ diversification at the manager level. PERS' uses 27 different investment firms to ensure the performance from one strategy or organization does not dominate the fund. Finally, at the security level, the fund holds over 3,000 stock, bond, and alternative investments.

The bottom line is that most portfolios, at times, will generate disappointing returns. Through diversification, those losses can be offset by returns from other investments. This has certainly been the case with PERS. Even with those disappointing periods, the fund has generated an average annual return of 11.0% for the last 20¼-years. While we pay a price during the "good times", diversification will always be a hallmark of our investment program. ■

Rolling 12 Quarter Relative Return Relative To Russell 1000 Index  
for 23 Years Ended December 31, 2004



### PERS Contact Information



Las Vegas (702) 486-3900  
Reno or Carson City (775) 687-4200  
Toll Free 1-866-473-7768



[www.nvpers.org](http://www.nvpers.org)



693 W. Nye Lane, Carson City, NV 89703  
5820 S. Eastern Ave., Suite 220, Las Vegas, NV 89119



FAX

(775) 687-5131  
(702) 678-6934

## 2005 Legislative Wrap-Up (continued)

**Senate Bill 485** – This bill temporarily extends the sunset period for critical labor shortage positions to June 30, 2009, with an experience study to be conducted by PERS in 2008. The Board was neutral on this bill. The bill passed and was signed by the Governor on June 8<sup>th</sup>. Effective June 8, 2005.

If you are interested in the status of any other bills you may log on to the Nevada State Legislature website at [www.leg.state.nv.us](http://www.leg.state.nv.us). ■

### Retirement Board Meeting Dates

July 20, 2005 • 5820 S. Eastern Ave, Suite 220, Las Vegas  
August 17, 2005 • 693 W. Nye Lane, Carson City  
September 22, 2005 • 693 W. Nye Lane, Carson City  
October 19, 2005 • 693 W. Nye Lane, Carson City

This publication is intended to provide general information. If there is any conflict between this information and Nevada laws or PERS policies, the laws and policies will supersede this information.

*Member News* is a quarterly newsletter for members of the Public Employees' Retirement System of Nevada. Comments or suggestions may be directed to: PERS, Newsletter, 693 W. Nye Lane, Carson City, Nevada 89703

***Congratulations**  
to Vice Chair Sue  
DeFrancesco and  
Members Warren  
Wish and Purisimo  
Hernandez who  
have all been  
re-appointed to  
the Retirement  
Board for a second  
term. They will  
serve until  
June 30, 2009.*

NV PERS  
693 W. Nye Lane  
Carson City, NV 89703  
(775) 687-4200

**We're on the Web!**  
[www.nvpers.org](http://www.nvpers.org)